

# West Dunbartonshire Council

## Audit of housing benefit Risk assessment report

 AUDIT SCOTLAND

Prepared for West Dunbartonshire Council  
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# Introduction

1. This risk assessment was completed as part of Audit Scotland's housing benefit (HB) risk assessment programme. It does not represent a full audit of West Dunbartonshire Council's benefit service.
2. The Local Government in Scotland Act 2003 introduced new statutory duties relating to Best Value and Community Planning. The key objective of the risk assessment is to determine the extent to which the benefit service is meeting its obligations to achieve continuous improvement in all its activities.
3. Specifically, the risk assessment considers the effectiveness of the benefit service in meeting national and local priorities, business planning and reporting, and delivering outcomes.
4. Information for this risk assessment was gathered from a range of sources including:
  - the self-assessment, supporting evidence, and updated action plan provided by the council
  - Department for Work and Pensions (DWP) indicators, and other performance measures
  - scrutiny of internal and external audit reports
  - discussions with the appointed external auditor
  - discussions with senior officers in the council during our site visit in January 2018.

# Executive summary

5. A risk assessment was previously carried out on the council's benefit service in September 2013 when Audit Scotland identified five risks to continuous improvement. This was reported to the Chief Executive in September 2013 and, in response, the council submitted an action plan in October 2013 to address these risks.
6. As our risk assessment had highlighted that the council's speed of processing had declined significantly, we requested an update on performance in respect of new claims and change events processing for quarters 3 and 4 of 2013/14, which was provided in May 2014.
7. As this update showed a significant improvement in claims processing times, from an average of 40 days for new claims and an average of 10 days for change events, to an average of 30 days and eight days respectively in the last quarter of 2013/14, the council was advised by Audit Scotland in May 2014 that no further scrutiny was required.
8. The council has addressed four of the five risks identified in 2013 by:
  - improving new claims processing times from an average of 47 days in July 2013, to an average of 25 days in March 2014
  - improving the level of information recorded from interventions outcomes
  - delivering improvements in accuracy levels from 96% in 2013/14 to 98% in 2017/18, as at 31 December 2017
  - ensuring the report that detailed the number of new claims outstanding included all new claims received, including those that were not yet registered on the council's benefit IT systems.
9. Although the council continues to demonstrate awareness of what constitutes an effective, efficient and secure benefit service, there is one risk outstanding from our previous risk assessment (see Appendix A) and four new risks identified. The council needs to address these risks by:
  - setting targets for the work of the benefit service within the *Resources Delivery Plan* to allow members of the Corporate Services Committee to challenge and support the service to deliver improvements at the twice-yearly review of the plan, if required
  - implementing a fast-track process to allow claims that have been received with all information to be priority processed
  - considering reducing the volume of management checks, which could provide additional processing resource and help improve new claims processing times
  - improving in-year debt recovery performance, which is considered low when compared to other Scottish councils

- setting targets for the work of the dedicated benefit overpayment recovery team to allow the service to determine how effective the team is at reducing the level of invoiced HB debt.

# Background

10. Since our previous visit in 2013, there have been a number of significant changes to the Revenues and Benefits service. In April 2016, the long serving Section Head - Revenues and Benefits retired and the Section Leader - Support and Continuous Improvement also left the service. At the same time, and as part of the process of appointing the new Section Head - Revenues and Benefits, the benefit service was restructured which resulted in the removal of three management posts:
  - Section Leader - Benefits and Council Tax
  - Section Leader - Support and Continuous Improvement
  - Section Leader - Welfare Fund.
11. The benefit service managed this change by reviewing the remaining roles, responsibilities and workloads and by streamlining processes. However, the council identified that the transition to the new structure had a short-term impact on the delivery of the service. Although this can be expected at a time of change, the service responded positively and by October 2016, claims processing times had returned to normal levels.
12. In May 2017, the Revenues and Benefits service relocated to bring all revenues and benefits staff into one office location with the aim of delivering a more effective, efficient and streamlined service to customers. The council faced challenges at this time, due to the absence of key staff at the time of the relocation, and thereafter in the resourcing of the service due to long-term sickness absence.
13. Although it is recognised that the council worked hard to manage these changes by recruiting new staff, carrying out an evaluation of the service to identify areas for improvement, and utilising an external company to assist in the processing of change events, inevitably this has impacted on claims processing times. This is discussed in more detail under *Speed of processing*.

# Business planning and reporting

14. An effective business plan provides an opportunity for the council to set out the aims and objectives for each service and should contain key deliverables against which performance is measured, monitored and reported.
15. The council's *Strategic Plan 2017-2022* is the key document that governs the work of all council services and its vision is *to deliver high quality services, led by priorities identified by the communities, in an open and transparent way*. Underpinning this is a commitment to reduce inequality and tackle the root causes of poverty.
16. Revenues and Benefits is part of Business Support, a key service of the Resources department. At an operational level, the *Resources Delivery Plan 2017/18* sets out the objectives and priorities for the Revenues and Benefits service. The key objectives are to:
  - deliver high quality services which fully respond to the demands of communities and internal service users
  - support services to be the best by providing robust, reliable performance information to underpin continuous improvement
  - improve performance from previous years through implementing a number of improvement actions.
17. The delivery plan also contains two key performance indicators for the benefit service, which are the average time to process new claims and the average time to process change events. Although targets for these indicators form part of the council's performance management framework, they do not feature in the delivery plan.
18. It is important that targets are in place and documented in the *Resources Delivery Plan* as this is the key document that the service reports on to the Corporate Services Committee twice yearly. When reporting performance, the council should set it in context of the Scottish landscape, where possible, and against previous year's performance, as this would allow members to recognise good performance, and challenge and support the service to improve, when appropriate.
19. To manage the changes arising from the UK Government's welfare reform agenda, the council set up a Welfare Reform Program Board in 2012. The membership of the board included senior management from the council, members of the DWP's Universal Credit (UC) team, and other key stakeholders.



20. An action plan was produced to address the issues arising and, as the council moved closer to commencing UC 'live service' in March 2015, the benefit service had regular meetings with key DWP staff and colleagues within Housing Strategy to ensure that all relevant staff were fully aware of the upcoming changes.
21. As part of the DWP's rollout of UC 'full service', which is scheduled to commence in quarter three of 2018/19, the Section Head - Revenues and Benefits and Assistant Section Leader have liaised closely with DWP colleagues and a training timetable for staff has been developed. In addition, the benefit service has met with key internal and external stakeholders including Housing, Housing Strategy, Working 4 U, and Customer Services to ensure a smooth transition to UC 'full service'.
22. The council told us that it has experienced difficulty recruiting and retaining benefit processors and that since November 2016, four experienced processors have left the service. In addition, during the last recruitment exercise, none of the 11 applicants interviewed were considered suitable. In view of this, and to manage peak workloads and the transition to UC 'full service', in September 2016, the council approved £35,000 of additional funding for the benefit service to engage an external agent to assist in the processing of change events.
23. This level of funding continued into 2017/18 and, in February 2018, the service sought approval from the Corporate Services Committee for an increase in funding to £75,000 for 2018/19, which was approved.
24. In a period of increasing workloads and reduced resources, there is evidence that the council has been proactive in its efforts to manage the benefit service effectively and efficiently and that it has a clear focus on delivering a quality service. In addition to securing the services of an external agent to provide additional resource, it has implemented a number of other changes. These include:
  - implementing a risk based verification approach to managing new claims in September 2015
  - introducing flexible working for staff
  - transferring the responsibility for answering telephone queries from the benefit service to the customer service team in January 2018, to ensure that benefit processors can focus on processing claims.
25. There is regular reporting of benefit service performance to staff and senior management to provide assurance that the service is operating effectively and efficiently. This includes
  - weekly meetings between the Assistant Section Leader and the Senior Benefit Officers to discuss performance and work priorities

- monthly meetings between the Section Head - Revenues and Benefits and the Assistant Section Leader to review the monitoring spreadsheet for exceptions, and to discuss priorities for the upcoming month
  - monthly one-to-one meetings between:
    - the Section Head - Revenues and Benefits and the Business Support Manager
    - the Business Support Manager and the Strategic Lead - Resources
    - the Strategic Lead - Resources and the Strategic Director.
  - regular informal meetings with staff
  - regular meetings of the Strategic Lead - Resources Management Team and Corporate Management Team meetings.
26. In addition, the council makes good use of an online performance management tool, which is updated monthly, and is available to view by senior management and members. This contains detailed benefit performance information. For example, the:
- average time to process new claims and change events
  - percentage of claims processed within 14 days of receipt of all information
  - value of HB overpayments identified during the year
  - percentage of cases calculated correctly on the basis of the information available
  - percentage of new claims outstanding over 50 days.
27. There is also weekly monitoring of workloads, and a claims over-ride report is checked monthly to identify and establish the reason for claims with an incorrect start date (e.g. 2017 instead of 2018), and to take corrective action if required.
28. Elected members can access information in respect of benefit service performance by using the online performance management tool and performance is reported formally to the Corporate Services Committee twice yearly, at the mid-year and end of year review of the *Resources Delivery Plan*.

#### Risk to continuous improvement

1	Although there are targets for the benefit service, and performance is reported against these as part of the council's performance management framework, there are no targets for the two key HB performance indicators in the Resources Delivery Plan. As this is the key document against which performance is reported to the Corporate Services committee at the twice-yearly review of the plan, there is scope for the service to include performance against these indicators to allow members the opportunity to acknowledge good performance and to challenge and support the service to deliver improvements, if required.
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# Delivering outcomes

29. Effective operational processes and IT systems, along with skilled staff, help benefit services deliver sound performance and continuous improvement. The council has a number of management arrangements in place to support this.

## Speed of processing

30. When customers claim benefit, it is a time of financial uncertainty for them and, as such, it is essential that the service has sufficient fully trained and effective benefit processors in place that can make informed decisions on complex benefit claims and pay benefit promptly.
31. Exhibit 1 illustrates the council's current and previous performance.

Exhibit 1: Speed of processing performance (average number of days)					
	2014/15	2015/16	2016/17	2016/17 Scottish Average	2017/18 (31 Dec)
<b>New claims</b>	24 days	27 days	26 days	22 days	26 days
<b>Change events</b>	7 days	5 days	5 days	6 days	4 days

Source: West Dunbartonshire Council & DWP

32. As detailed under *Background* there have been a number of changes to the benefit service since our previous risk assessment including changes to the management structure, difficulties in recruiting and retaining benefit processors, and long-term absences in 2017.
33. However, despite additional workloads and the loss of resources, staff have responded positively and the service has maintained its new claims processing performance in 2017/18 while delivering continuous improvement in the average time taken to process change events from 2016/17 to 2017/18, as at 31 December 2017.
34. To achieve this, and to make the service more efficient and streamlined, the council has made a number of changes to its business processes. These included:
- implementing risk based verification for new claims in September 2015, which ensures that enhanced checks are carried out on medium and high-risk claim types
  - introducing a facility for customers to make a claim and report a change event online
  - carrying out a service evaluation, which resulted in six actions for improvement which were being implemented

- launching an online portal to enable private and housing association landlords to access payment schedules and basic claim details for their tenants
  - making good use of the DWP's Automated Transfer to Local Authority Systems service to automate approximately 75% of reported changes
  - weekly caseload management to help reduce the number of claims outstanding.
35. Although the council takes a proactive approach to delivering the benefit service, we were told that claims are processed in strict date order. This means that the council is missing an opportunity to identify and prioritise claims that are complete with all information, which could lead to improved processing times. The council has acknowledged this, and is considering introducing a fast-track process to address this, which should help improve claims processing times and, with customer education, increase the number of claims received with all necessary information.
36. In 2016/17, the council was ranked 26th out of all councils in Scotland for the average time to process new claims and 10th for the average time to process change events, based on DWP's 2016/17 published data. Since 2014/15, the council has performed well in the time taken to process change events with performance below the Scottish average each year. Although performance in respect of new claims processing could be further improved, when compared to performance at the time of the 2013 risk assessment, when the council was processing new claims in an average of 39 days, overall improvements have been realised.
37. When we compared the council's internally reported speed of processing performance to the DWP's published performance data for quarter two of 2017/18 we were unable to reconcile the figures. When we analysed this data, we found a significant discrepancy in the number of new claims and change events processed in 2016/17 and 2017/18, when compared to the DWP's published data as shown in exhibit 2 below.

<b>Exhibit 2: Comparison of DWP published data to West Dunbartonshire Council's internally reported performance 2016/17 to Q2 2017/18</b>				
	<b>WDC 2016/17</b>	<b>DWP 2016/17</b>	<b>WDC 2017/18 (at 30 Sep)</b>	<b>DWP 2017/18 (at 30 Sep)</b>
<b>No. of new claims processed (difference)</b>	2,849	3,309 (+460)	1,225	810 (-425)
<b>Avg. time to process new claims</b>	26 days	29 days (+3 days)	27 days	30 days (+3 days)
<b>No. of change events processed</b>	44,800	39,695 (-5,105)	41,872	35,751 (-6,121)
<b>Avg. time to process change events</b>	5 days	5 days	3 days	6 days (+3 days)

Source: West Dunbartonshire Council & DWP

38. Following discussions with the Section Head - Revenues and Benefits it was established that the average time to process new claims in 2016/17, as reported by the council, was correct. The discrepancy had been raised with the DWP and it was found to be as a result of the DWP not taking into account claims that had been overridden, which had resulted in an incorrect calculation of processing performance.
39. While this has continued into 2017/18, the council has taken steps to address the discrepancy and planned changes to procedures should ensure that internally reported performance will be more in line with that published by the DWP going forward.
40. Audit Scotland identified two risks to continuous improvement during the previous risk assessment in 2013:
- the system report that details new claims that have been outstanding for more than 25 days did not include new claims that had been received but not registered on the benefit system, and was therefore understating the total number of new claims outstanding
  - there was a risk that the planned actions to improve new claims processing times would not lead to an improvement in performance levels.

41. There is evidence that both these risks have been addressed as all new claims are now recorded on the amended system report, and the time for new claims processing had improved from an average of 47 days in July 2013, to an average of 24 days in December 2013.

#### Risk to continuous improvement

2	The council does not have a fast-track process to allow claims that have been received with all information to be priority processed.
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## Accuracy

42. The accurate and secure administration of HB should be a key priority for every council, and to support this, it should have a robust quality assurance framework in place.
43. The council has a clear management checking process and procedures are in place for carrying out these activities. On a weekly basis, the Senior Benefit Officers select a random sample of claims from the benefit IT system that were processed the previous week and aim to check between 5% and 10% of each processor's work, depending on the experience of the processor and analysis of errors found previously.
44. All management checks are carried out pre-payment, which is considered good practice as it allows the council to correct any errors found before a payment is made therefore reducing the potential for an overpayment to arise. Outcomes are summarised and recorded on an electronic spreadsheet, which is used to identify any trends or patterns of error and used by the training officer to set the focus for any remedial training, or to issue staff bulletins, as required.
45. In addition to the weekly management checks, the benefit service carries out other checks to help ensure the accuracy of the caseload. These include:
- a 100% prepayment check of the work of new staff by the training officer, which is reduced incrementally as the processor gains confidence
  - a 100% check of all payments over £750 to ensure the accuracy of the payment
  - a monthly check of the claims over-ride report to correct any claims where an incorrect date has been used (e.g. 2017 instead of 2018).

46. Exhibit 3 illustrates the council's current and previous accuracy performance.

<b>Exhibit 3: Financial accuracy performance</b>		
	<b>Target</b>	<b>Achieved</b>
<b>2014/15</b>	99%	99%
<b>2015/16</b>	99%	98%
<b>2016/17</b>	99%	97%
<b>2017/18 (30 Jun)</b>	99%	98%

Source: West Dunbartonshire Council

47. The council has historically performed well in this area and its high accuracy levels have resulted in the value of local authority/admin error overpayments being well below the DWP threshold of 0.48%, after which the council can lose subsidy.
48. When performing checks, the council should consider focussing on higher areas of risk as determined by the risk based verification score of the claim. This would reduce the volume of management checks currently being carried out, and could provide additional processing resource for the benefit service to help improve claims processing performance.
49. Audit Scotland identified one risk to continuous improvement during the previous risk assessment in that accuracy performance was in decline and there was no target to reduce the number of non-financial errors, which had increased from 15% at January 2013 to 23% at June 2013.
50. We consider that this risk has been addressed as, although there is no specific target to reduce the number of non-financial errors, these are now being recorded and monitored as part of the management checking process, and the council has improved its accuracy levels from 96% in 2013/14 to 98% in 2017/18, as at 31 December 2017.

<b>Risk to continuous improvement</b>	
3	While the council performs well in this area, there is scope to consider reducing the volume of management checks carried out in order to help deliver improvements in claims processing times.

## Interventions

51. To minimise error in the caseload, councils must encourage customers to report change events on time and have a robust intervention programme to identify changes and take appropriate corrective action.

52. To support this, the benefit service notification letters remind customers of the requirement to report any change event. In addition, the council's website provides customers with details of office opening hours, information on how to contact the benefit service by telephone, letter, or e-mail, and an online form that can be used to notify the council of a change event.
53. The council also actively participates in the DWP's Housing Benefit Matching Service, Audit Scotland's National Fraud Initiative, and more recently the DWP's Real Time Information (RTI) and optional RTI data matching services, which all help to identify possible unreported change events that require further investigation.
54. In 2016/17, the council was successful in obtaining approximately £30,000 from the DWP's Fraud and Error Reduction Incentive Scheme. This scheme provides councils with funding to target intervention activities at specific areas of its caseload considered to be at high risk of having an unreported change event. The council used this funding to recruit an additional 1.5 full-time equivalent benefit processors, enhance its benefit IT system to allow for better analysis of its caseload, and to develop a series of radio advertising campaigns to remind customers of the need to notify the council of a change event.
55. On a daily basis, the service makes good use of the benefit IT system diary facility to highlight claims where future changes are expected or known, which could affect the customer's entitlement to benefit, for example, a significant birthday or a change in household details.
56. The outcomes from interventions activity are recorded on the benefit IT system. However, as the interventions module on the benefit IT system is limited, the outcome can only be recorded as an increase, decrease, or no change to benefit.
57. Exhibit 4 below details the outcomes from the council's interventions activity.

<b>Exhibit 4: Interventions performance</b>			
	No. of interventions completed	No. of decreases in benefit identified	%
<b>2014/15</b>	747	586	78%
<b>2015/16</b>	994	876	88%
<b>2016/17</b>	1023	881	86%
<b>2017/18 (31 Dec)</b>	651	571	88%

Source: West Dunbartonshire Council

58. The council has performed exceptionally well in this area with high levels of interventions outcomes resulting in the identification of an unreported change event. A further improvement could be made if the council analysed interventions outcomes to determine the cost



effectiveness of each campaign. This is considered good practice as it could help the service make fully informed decisions on the best use of its limited resources when planning its future interventions strategy.

59. In 2017/18, as the council was receiving assurance from the regular provision of data from the DWP which helps the council to identify and manage undeclared change events, a decision was taken to reduce proactive interventions activity and focus resources on improving claims processing times.
60. Therefore, at the time of the site visit, the council advised that proactive interventions activity would focus on an annual council tax single persons discount exercise. However, following approval from the Corporate Services Committee in February 2018 for additional funding to continue working with an external agent to assist in the processing of change events, the service told us that it plans to introduce additional proactive intervention activity in 2018/19.
61. Audit Scotland identified one risk to continuous improvement during the previous risk assessment in that there was limited analysis of interventions outcomes to help identify trends and patterns.
62. We consider that this risk has been addressed as the council had improved the recording of its interventions outcomes, and had used the information to determine its ongoing approach.

## Overpayments

63. To protect public funds, councils should take appropriate steps to ensure that overpayments are minimised and that, when they do occur, they are correctly classified and rigorously recovered.
64. The HB and CTB Overpayment Policy was developed in 2010 and sets out the benefit service's approach to recovering benefit debt, details the types of overpayment that can arise, and the options that are available for recovery. Although the policy should be updated to conform with current legislation and guidance, it is a comprehensive operational framework for the service.
65. At a corporate level, the Corporate Debt Policy sets out the council's approach and has a stated aim to *'maximise income collection where necessary, assisted by ensuring maximising benefits uptake where appropriate'*.
66. The benefit service has a proactive approach to minimising overpayments by active and regular caseload management, and monitoring and suspending claims as soon as there is a doubt over entitlement. The council also has a dedicated overpayment recovery team, which consists of a supervisor and five overpayment officers, three of which are focused on the recovery of benefit overpayments where the customer is no longer in receipt of benefit.

67. If it is not possible to recover an overpayment from ongoing benefit entitlement, an invoice is issued to the customer, followed by a reminder and a final notice. Where no response is received after the final notice stage, the council makes good use of recovery options including:
- utilising the DWP's Payment Deduction Programme to automate the recovery of HB overpayments from DWP benefits, where appropriate
  - using the DWP's Customer Information System to trace customers who are no longer resident within the local authority area
  - using a Direct Earnings Attachment (DEA) when the customer is in employment
  - using other commercial products.
68. To minimise benefit overpayments, the council prioritises change events that could lead to an overpayment, uses benefit IT system reports to predict changes, and reminds customers wherever possible of the need to report any changes. This proactive approach has helped minimise the number of local authority (LA) /administrative error overpayments that can arise as a result of processing delays. This is particularly important as a council can lose subsidy where its LA/administrative error rate exceeds 0.48% of all HB payments made.
69. In 2015/16 and 2016/17, the council has performed well against this target by recording a LA/administrative error rate of 0.13% and 0.25% respectively.
70. Exhibit 5 illustrates the council's current and previous recovery performance.

<b>Exhibit 5: Overpayment levels and recovery performance</b>				
	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18 (31 Dec)</b>
<b>Total overpayments c/f</b>	£4,285,868	£4,977,157	£5,802,850	£6,664,797
<b>Total overpayments raised in-year</b>	£1,952,164	£2,196,249	£1,905,265	£1,284,456
<b>Total value of overpayments recovered in-year</b>	£1,046,048	£1,181,803	£1,111,110	£786,493
<b>% of overpayments recovered in-year</b>	54%	54%	58%	61%

**Exhibit 5: Overpayment levels and recovery performance**

<b>% of total HB debt recovered</b>	17%	16%	14%	10%
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Source: West Dunbartonshire Council

71. Although improving, the council's overpayment recovery performance in respect of in-year debt recovery, is considered low when compared to other Scottish councils where Audit Scotland has regularly seen in-year debt recovery performance above 70%.
72. Audit Scotland identified one risk to continuous improvement during the previous risk assessment in that there were no targets for the work of the dedicated benefit overpayment recovery team, and therefore the council was unable to accurately determine how effective the team was at reducing the level of invoiced debt.
73. We consider that this risk remains outstanding as there remains scope for the council to improve the level of performance information in respect of the work of the benefit overpayment recovery team to help assess the overall efficacy of the team in recovering invoiced benefit debt.

**Risk to continuous improvement**

4	Although improving, the council's in-year debt recovery performance is considered low, when compared to other Scottish councils.
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# Appendix A

Progress against action plan update as at November 2017	
The system report that details new claims that have been outstanding for more than 25 days does not include new claims that have been received but not registered on the benefits system, and is therefore not a true reflection of the total number of new claims outstanding.	Completed
The planned actions to improve new claims processing times might not have the desired effect of significantly improving performance.	Completed
Accuracy performance is in decline, and there is no target to reduce the number of non-financial errors, which had increased from 15% at January 2013 to 23% at June 2013.	Completed
There is limited analysis of interventions outcomes to help identify trends and patterns, which would help the council, develop its interventions programme to be targeted to better effect. This would help ensure a better use of resources and provide the council with a more effective and efficient proactive interventions programme.	Completed
There are no targets for the work of the dedicated benefit overpayment recovery team, and therefore the council is unable to accurately determine how effective the team is at reducing the level of invoiced debt.	Outstanding